

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 044156
ORIGIN EB-08

INFO OCT-01 EUR-12 EA-10 NEA-10 IO-13 ISO-00 L-03
FRB-03 OMB-01 ITC-01 SP-02 USIA-06 AGRE-00 AID-05
CIAE-00 COME-00 INR-10 LAB-04 NSAE-00 OIC-02
SIL-01 STR-07 TRSE-00 CEA-01 SS-15 SSO-00 INRE-00
NSCE-00 /115 R

DRAFTED BY EB/ISM:ROGDEN/MZINOMAN
APPROVED BY EB:JLKATZ
EB/ICD:EA'ENDT(DRAFT)
EB/ORF:SBOSORTH(SUBSTANCE)
COM'ERCE:AMACONE
TREASURY:BHACK

-----106568 211346Z /53

O 211336Z FEB 78
FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA IMMEDIATE
AMEMBASSY BANGKOK IMMEDIATE
AMEMBASSY KUALA LUMPUR IMMEDIATE
AMEMBASSY SINGAPORE IMMEDIATE
AMEMBASSY COLOMBO IMMEDIATE
AMEMBASSY LONDON IMMEDIATE
AMEMBASSY BONN IMMEDIATE
AMEMBASSY PARIS IMMEDIATE
AMEMBASSY TOKYO IMMEDIATE
AMEMBASSY BRUSSELS IMMEDIATE
AMEMBASSY OTTAWA IMMEDIATE
AMEMBASSY MOSCOW IMMEDIATE
INFO USMISSION GENEVA IMMEDIATE

LIMITED OFFICIAL USE STATE 044156

USEEC

E.O. 11652: NA
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 044156

TAGS: UNCTAD, ETRD

SUBJECT: UNCTAD THIRD PREPARATORY MEETING ON RUBBER
FEBRUARY 27 - MARCH 3

REF: GENEVA 12109(77)

SUMMARY: THE U.S. IS ENCOURAGED BY THE UNCTAD RUBBER DISCUSSIONS WHICH HAVE TAKEN PLACE THUS FAR. AT THE FEBRUARY 27-MARCH 3 UNCTAD THIRD PREPARATORY MEETING ON NATURAL RUBBER, THE U.S. IS PREPARED TO AGREE TO PARTICIPATE IN A NEGOTIATION FOR A NATURAL RUBBER PRICE STABILIZATION AGREEMENT. ASSISTANT SECRETARY KATZ AND TREASURY ASSISTANT SECRETARY BERGSTEN WILL INFORM CONGRESS OF THE ADMINISTRATION'S DECISION IN TESTIMONY ON COMMODITY POLICY ON THE AFTERNOON OF FEBRUARY 21. THIS DECISION IS BASED ON THE UNCTAD TECHNICAL DISCUSSIONS AND RECOMMENDATIONS TO DATE, AS WELL AS ON INTENSIVE USG ANALYSIS. WE REQUEST THAT THE ACTION ADDRESSEES INFORM HOST GOVERNMENTS OF THE U.S. DECISION PROMPTLY AND MAKE THE ADDITIONAL POINTS LISTED BELOW. END SUMMARY.

1. THE FIRST UNCTAD PREPARATORY MEETING ON RUBBER WAS HELD JANUARY 1977, AND DISCUSSED THE PROBLEM OF PRICE INSTABILITY IN THE INTERNATIONAL RUBBER MARKET. THE SECOND MEETING IN JUNE FOCUSED ON A PROPOSAL BY THE ASSOCIATION OF NATURAL RUBBER PRODUCING COUNTRIES (ANRPC) FOR A STABILIZATION SCHEME BASED ON A 400,000 TON BUFFER STOCK WITH CONTINGENCY PROVISIONS FOR EXPORT CONTROLS. THE JUNE MEETING ALSO ESTABLISHED AN INTERGOVERNMENTAL TASK FORCE TO EXAMINE ELEMENTS OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 044156

A POSSIBLE COMMODITY AGREEMENT FOR NATURAL RUBBER AND TO MAKE RECOMMENDATIONS TO THE THIRD PREPARATORY MEETING. IN OCTOBER, TASK FORCE DISCUSSION FOCUSED ON TECHNICAL ASPECTS OF THE ANRPC PROPOSAL WITH THE U.S. TAKING THE LEAD IN POINTING UP PROBLEMS AND SUGGESTING POSSIBLE ALTERNATIVES TO SOME OF THE KEY MECHANISMS. WE PARTICULARLY EXPRESSED RESERVATIONS REGARDING THE USE OF EXPORT CONTROLS AND THE EFFECTS OF PRODUCE; EXPORT TAXES ON A POSSIBLE RUBBER AGREEMENT. AT ITS FINAL MEETING IN DECEMBER, THE TASK FORCE RECOMMENDED THE FOLLOWING GENERAL ELEMENTS BE CONSIDERED AS 'A BASIS FOR THE NEGOTIATION.' (FOR COMPLETE TEXT SEE PA A 2, REFTEL.);

- A) AN INTERNATIONAL BUFFER STOCKING SYSTEM AS THE CENTRAL ELEMENT OF A PRICE STABILIZATION AGREEMENT;
- B) AN INTERNATIONAL BUFFER STOCK LARGE ENOUGH TO ENSURE ITS EFFECTIVENESS;
- C) PRICING PROVISIONS CAST SO AS TO PROMOTE THE LONG-TERM EQUILIBRIUM BETWEEN SUPPLY AND DEMAND WITHIN AN EXPANDING NATURAL RUBBER TRADE;
- D) A BALANCE BETWEEN PRODUCERS AND CONSUMERS OF RIGHTS,

OBLIGATIONS AND BENEFITS. THE FORTHCOMING PREPARATORY MEETING WILL RECEIVE THE TASK FORCE REPORT AND TAKE A DECISION REGARDING THE NEGOTIATION OF AN INTERNATIONAL COMMODITY AGREEMENT FOR NATURAL RUBBER. WE BELIEVE THE MEETING SHOULD ALSO ESTABLISH A STRUCTURE FOR THE NEGOTIATING PROCESS.

3. ACTION REQUESTED. ACTION POSTS A;E REQUESTED TO CONTACT HOST GOVERNMENTS PROMPTLY REGARDING THE FORTHCOMING RUBBER PREPARATORY MEETING AND TO MAKE THE FOLLOWING POINTS:

... THE U.S. HAS BEEN ENCOURAGED BY PROGRESS TO DATE IN THE UNCTAD RUBBER DISCUSSIONS. BASED ON THESE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 044156

DISCUSSIONS, THE RECOMMENDATION OF THE TASK FORCE, AND THE RESULTS OF ITS OWN ANALYSIS, THE U.S. IS PREPARED AT THE THIRD PREPARATORY MEETING IN GENEVA TO JOIN WITH OTHER PRODUCING/CONSUMING COUNTRIES IN

NEGOTIATIONS ON AN INTERNATIONAL NATURAL RUBBER PRICE STABILIZATION AGREEMENT. THE U.S. STRONGLY BELIEVES THE FOUR ELEMENTS CONTAINED IN THE RECOMMENDATIONS OF THE TASK FORCE SHOULD BE ENDORSED AS THE BASIS FOR THESE NEGOTIATIONS. THESE ELEMENTS REFLECT AN APPROPRIATE BALANCE OF THE VIEWS OF PRODUCING AND CONSUMING COUNTRIES AND WERE DRAFTED AFTER EXTENSIVE AND CAREFUL CONSIDERATION.

... WHILE DISCUSSIONS THUS FAR HAVE BEEN CONSTRUCTIVE, THEY HAVE REVEALED CERTAIN PROBLEMS AND DIFFERENCES OF APPROACH AMONG THE PARTICIPATING COUNTRIES. IT IS, THEREFORE, IMPORTANT THAT THE FORTHCOMING MEETING FOCUS ON DESIGNING A REALISTIC AND FLEXIBLE SCHEDULE AND STRUCTURE FOR THE NEGOTIATING PROCESS.

... THE U.S. BELIEVES THE NEGOTIATING PROCESS COULD MOST USEFULLY BE CARRIED OUT IN THREE STAGES. FIRST, CONSUMING COUNTRIES SHOULD HAVE AN OPPORTUNITY TO COORDINATE THEIR POSITIONS MORE THOROUGHLY. SECOND, PRODUCERS AND CONSUMERS PRIOR TO THE NEGOTIATING CONFERENCE SHOULD DRAFT A WORKING TEXT OF A NATURAL RUBBER AGREEMENT TO SERVE AS A BASIS FOR THE NEGOTIATING CONFERENCE. THE THIRD STAGE WOULD BE THE ACTUAL NEGOTIATIONS.

... IN TERMS OF SCHEDULING, A PRODUCER-CONSUMER DRAFTING GROUP COULD MEET IN THE FALL TO SEEK AGREEMENT ON A DRAFT TEXT, BRACKETED AS NECESSARY TO REFLECT POINTS OF DIFFERENCE. THE NEGOTIATING CONFERENCE COULD REALISTICALLY BE CONVENED BEFORE THE END OF 1978.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 05 STATE 044156

4. FOR BONN, EC BRUSSELS, LONDON, OTTAWA, PARIS,
TOKYO ONLY. POSTS SHOULD EMPHASIZE THE IMPORTANCE
WE ATTACH TO CONSUMER COORDINATION PRIOR TO THE MEETING
OF THE PRODUCER/CONSUMER DRAFTING GROUP. WE PROPOSE,
THEREFORE, THAT MAJOR CONSUMERS MEET WITHIN THE OECD
FRAMEWORK IN LATE SPRING/EARLY SUMMER FOR DISCUSSIONS
REGARDING THE ELEMENTS OF AN AGREEMENT. THE GENERAL
OBJECTIVE WOULD BE TO SEEK A GROUP B POSITION PR,OR TO
A DRAFTING SESSION WITH PRODUCERS.

5. PLEASE INFORM THE DEPARTMENT OF HOST COUNTRY RE-
ACTION-TO-THE ABOVE POSITION. VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RUBBER, PLANNING MEETINGS, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE044156
Document Source: CORE
Document Unique ID: 00
Drafter: ROGDEN/MZINOMAN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780078-0063
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780232/aaaabawd.tel
Line Count: 188
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c7d2b7d2-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 GENEVA 12109
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3534493
Secure: OPEN
Status: NATIVE
Subject: UNCTAD THIRD PREPARATORY MEETING ON RUBBER FEBRUARY 27 - MARCH 3
TAGS: ETRD, UNCTAD
To: JAKARTA BANGKOK MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c7d2b7d2-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014